

VILLAGE OF NAPOLEONVILLE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/5/09

VILLAGE OF NAPOLEONVILLE
ASSUMPTION PARISH, LOUISIANA
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MAYOR

Ron Animashaun

COUNCIL

Eugene Buggage
Joyce Bell
Floyd Truehill, Sr.

[Term of Mayor & Council is from January 1, 2007 to December 31, 2010]

LEGAL COUNSEL

Jane Triche

VILLAGE CLERK

Shawanda Lemon

CHIEF OF POLICE

Lionel Bell, Sr.

MEETING DATE

6:30 PM - 2nd Monday of Every Month
Assumption Parish Police Jury Office
4813 Hwy 1
Napoleonville, LA 70390

**VILLAGE OF NAPOLEONVILLE, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2008
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George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

The Honorable Ron Animashaun, Mayor
and Members of the Village Council
Village of Napoleonville, Louisiana

I have audited the accompanying financial statements of the governmental activities and business-type activities of the VILLAGE OF NAPOLEONVILLE, LOUISIANA, as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Village of Napoleonville, Louisiana, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. Those standards and the guide require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Village of Napoleonville, Louisiana, as of December 31, 2008, and the respective changes in financial position and, and where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated June 30, 2009, on my consideration of the Village of Napoleonville, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 3 through 8 and budgetary comparison information on page 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Napoleonville's basic financial statements. The accompanying supplementary financial schedule on page 41 is presented for purposes of additional analysis required by the U.S. Department of Agriculture and are not a required part of the basic financial statements. The supplementary financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

George F. Delaune, CPA

June 30, 2009

REQUIRED SUPPLEMENTAL INFORMATION

Management's Discussion and Analysis

This narrative report has been prepared in an easy-to-read format by management. It provides an analytical overview of the Village's financial activities for the year based on currently known facts and management's knowledge of the transactions, events, and conditions reflected in the financial report and the fiscal policies that control the Village's operations.

VILLAGE OF NAPOLEONVILLE

Assumption Parish, Louisiana
P. O. Box 6
Napoleonville, Louisiana 70390

INTRODUCTION

This annual report consists of -

- Our independent auditor's report on the financial statements in which he rendered an adverse opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consists of government-wide financial statements, governmental fund financial statements, and the notes to those financial statements.
- The comparison of actual operations for the year compared to the budget.
- Our independent auditor's report on the Village's compliance with laws and regulations and how management applied internal controls over its financial operations. The result of his tests and observations indicated one violation that he considered to be in noncompliance and five conditions that required disclosure that had an affect our operations.

Management's Discussion and Analysis

This section of the Village of Napoleonville's (the Village) annual financial report presents our discussion and analysis of the Village's financial performance for the year ended December 31, 2008.

Please read this document in conjunction with the Village's financial statements.

Financial Highlights

- At December 31, 2008, the Village's combined total assets exceeded its liabilities by \$2,742,158 (net assets). Net assets of the governmental activities were \$600,729 while those of the business-type activities were \$2,141,429.
- For the year ended December 31, 2008, the Village's total net assets decreased by \$31,592.
- At December 31, 2008, the Village's working capital (current assets less current liabilities) was \$195,213 or an increase of \$17,595 over 2007.
- At December 31, 2008, the Village's proprietary fund reported net assets of \$2,141,429. Of this amount, \$86,627 is available for spending at the Village's discretion (unrestricted net assets).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund

financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on the Village's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).

In both of the government-wide financial statements, the Village's activities are divided into two types:

- **Governmental activities** – Most of the Village's basic services are reported here, including the general government, public safety, highways and streets, and sanitation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, and fines.
- **Business-type activities** – The Village charges a fee to customers to help it cover all of the cost of services provided. The Village's sewer utility system is reported in this section.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Village uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

- **Governmental funds** are used to account for most of the Village's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.
- **Proprietary funds** account for sewer utility services provided by the Village to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Village's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Net Assets December 31, 2008

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 135,212	\$ 97,989	\$ 233,201
Restricted cash		63,863	63,863
Capital assets (net)	472,036	2,896,120	3,368,156
Total Assets	607,248	3,057,972	3,665,220
Current liabilities	6,519	29,420	35,939
Long-term liabilities		887,123	887,123
Total Liabilities	6,519	916,543	923,062
Invested in capital assets, net of related debt	472,036	1,990,939	2,462,975
Restricted for debt service		63,863	63,863
Unrestricted and restricted	128,693	86,627	215,320
Total Net Assets	\$ 600,729	\$ 2,141,429	\$ 2,742,158

The largest portion of the Village's net assets reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Changes in Net Assets Year Ended December 31, 2008

	Governmental Activities	Business-type Activities	Total
Program revenues	\$ 248,745	\$ 113,514	\$ 362,259
General revenues	169,593	1,167	170,760
Total Revenues	418,338	114,681	533,019
Operating expenses	366,960	197,651	564,611
Increase (decrease) in net assets	51,378	(82,970)	(31,592)
Net assets - beginning	357,202	2,224,399	2,581,601
Net assets - end	\$ 408,580	\$ 2,141,429	\$ 2,550,009

Financial Analysis of the Village's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year.

At the end of the current year, the Village's governmental funds reported a fund balance of \$128,693, all of which is unreserved and available for spending at the Village's discretion.

The following schedule presents a summary of governmental fund revenues and expenditures for the fiscal year ended December 31, 2008, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FYE 2008 Amount	Percent of Total	FYE 2007 Amount	Increase (Decrease) from FYE 2007	Percent Increase (Decrease)
Taxes	\$ 156,709	37.46%	\$ 149,915	\$ 6,794	4.53%
Intergovernmental	66,050	15.79%	12,148	53,902	443.71%
Charges for services	54,764	13.09%	29,496	25,268	85.66%
Fines and forfeitures	43,221	10.33%	15,312	27,909	182.26%
Licenses and permits	79,997	19.12%	81,260	(1,263)	-1.55%
Rental income	13,245	3.17%	13,972	(727)	-5.20%
Interest	791	0.19%	285	506	177.54%
Miscellaneous	3,561	0.85%	5,074	(1,513)	-29.81%
Total Revenues	\$ 418,338	100.00%	\$ 307,462	\$ 110,876	36.06%

Expenditures	FYE 2008 Amount	Percent of Total	FYE 2007 Amount	Increase (Decrease) from FYE 2007	Percent Increase (Decrease)
General government	\$ 140,600	36.05%	\$ 126,217	\$ 14,383	11.39%
Police	68,326	17.52%	35,101	33,225	94.65%
Streets and drainage	37,594	9.64%	25,621	11,973	46.73%
Sanitation	56,107	14.39%	50,051	6,056	12.09%
Community center & recreation	27,434	7.03%	16,877	10,557	62.55%
Capital outlays	59,952	15.37%	1,959	57,993	2960.33%
Debt service		0.00%	1,150	(1,150)	-100.00%
Total Expenditures	\$ 390,013	100.00%	\$ 256,976	\$ 133,037	51.77%

Proprietary Funds

The Village's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

Original budgeted revenues were \$301,500 and expenditures were \$230,336. The original budget was amended once during the year, increasing budgeted revenues and surplus to \$473,868 and increasing expenditures to \$393,376.

Actual revenues exceeded budgeted amounts by \$44,838. Budgeted expenditures exceeded actual by \$3,363. Thus showing a net change in fund balance of \$48,201.

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$3,368,156 (net of accumulated depreciation).

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 88,500	\$ 88,500			\$ 88,500	\$ 88,500
Buildings & improvements	179,050	147,073			179,050	147,073
Vehicles	2,985	4,391			2,985	4,391
Machinery and equipment	21,752	16,870	2,588	3,422	24,340	20,292
Infrastructure	179,749	192,149			179,749	192,149
Utility property			2,893,532	2,989,683	2,893,532	2,989,683
Totals	<u>\$ 472,036</u>	<u>\$ 448,983</u>	<u>\$ 2,896,120</u>	<u>\$ 2,993,105</u>	<u>\$ 3,368,156</u>	<u>\$ 3,442,088</u>

Long-Term Debt

At December 31, 2008, the Village had total debt outstanding of \$902,175. Of this total, \$15,052 is due within one year and \$887,123 is due in more than one year.

Outstanding Debt December 31, 2008

	Business-type Activities	Totals
USDA loans	\$ 902,175	\$ 902,175
Total Outstanding Debt	<u>\$ 902,175</u>	<u>\$ 902,175</u>

Other Factors Affecting the Village

The Village of Napoleonville's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Village based on existing revenues and to finance long-term projects only when absolutely necessary. The Village also attempts to keep sewer rates at the minimum required to cover the costs of the sewer system operations. In September 2005, the Board raised sewer rates by \$2.25.

Contacting the Village's Financial Management

This financial report is designed to provide the Village's citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Village of Napoleonville, 123 Jefferson Street, Napoleonville, LA 70390, telephone (985) 369-6365.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements
 - Governmental funds
 - Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash	\$ 98,103	\$ 80,298	\$ 178,401
Receivables -			
Ad valorem taxes	7,427		7,427
Sales taxes	9,068		9,068
Franchise taxes	3,900		3,900
Utility charges	4,344	17,691	22,035
Other	2,147		2,147
Due from other government agencies	2,049		2,049
Due from other fund	8,174		8,174
Total current assets	135,212	97,989	233,201
Noncurrent Assets:			
Restricted cash		63,863	63,863
Capital assets (net)	472,036	2,896,120	3,368,156
Total noncurrent assets	472,036	2,896,120	3,368,156
Total Assets	607,248	2,994,109	3,601,357
LIABILITIES			
Current Liabilities:			
Accounts payable	3,898	3,187	7,085
Other accrued expenses	126		126
Accrued payroll liabilities	2,495		2,495
Accrued interest payable		3,007	3,007
Due to other funds		8,174	8,174
Current portion of long-term debt		15,052	15,052
Total current liabilities	6,519	29,420	35,939
Non-Current Liabilities:			
Long-term debt		887,123	887,123
Total non-current liabilities	0	887,123	887,123
Total Liabilities	6,519	916,543	923,062
NET ASSETS			
Invested in capital assets, net of related debt	472,036	1,990,939	2,462,975
Restricted for debt service		63,863	63,863
Unrestricted - undesignated	128,693	86,627	215,320
Total Net Assets	\$ 600,729	\$ 2,141,429	\$ 2,742,158

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 143,810	\$ 79,997		\$ 25,000	\$ (38,813)
Police	71,062	43,221	6,001		(21,840)
Streets and drainage	55,027		1,517		(53,510)
Sanitation	56,107	54,764			(1,343)
Culture and recreation	40,954	13,245		25,000	(2,709)
Total governmental activities	366,960	191,227	7,518	50,000	(118,215)
Business-type activities:					
Sewer	197,651	113,514			(84,137)
Total business-type activities	197,651	113,514	0	0	(84,137)
Total	\$ 564,611	\$ 304,741	\$ 7,518	\$ 50,000	\$ (202,352)

Change in Net Assets:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (118,215)	\$ (84,137)	\$ (202,352)

General revenues:

Taxes:			
Property taxes, net	41,544		41,544
Sales and use taxes	100,037		100,037
Franchise taxes	15,128		15,128
Intergovernmental	8,533		8,533
Investment income	791	1,167	1,958
Miscellaneous	3,560		3,560
Total general revenues and transfers	169,593	1,167	170,760
Change in net assets	51,378	(82,970)	(31,592)
Net assets - beginning	549,351	2,224,399	2,773,750
Net Assets - Ending	\$ 600,729	\$ 2,141,429	\$ 2,742,158

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 98,103	\$ 98,103
Receivables -		
Ad valorem taxes	7,427	7,427
Sales taxes	9,068	9,068
Franchise taxes	3,900	3,900
Garbage assessment	4,344	4,344
Other	2,147	2,147
Due from state agencies -		
Beer taxes	491	491
Video poker	1,558	1,558
Due from sewer fund	8,174	8,174
Total Assets	135,212	135,212
LIABILITIES		
Accounts payable	3,898	3,898
Other accrued expenses	126	126
Accrued payroll liabilities	2,495	2,495
Total Liabilities	6,519	6,519
FUND BALANCES		
Unreserved, reported in:		
General fund	128,693	128,693
Total Fund Balances	128,693	128,693
Total Liabilities and Fund Balances	\$ 135,212	

Amounts reported for governmental activities
Statement of Net Assets are different be-

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$568,299 472,036

Compensated absences are not current liabilities under modified accrual accounting therefore are not reported in the governmental funds 0

Outstanding debt issued in governmental activities are not financial liabilities and therefore are not reported in the governmental funds 0

Net Assets of Governmental Activities **\$ 600,729**

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2008

	General Fund	Total Governmental Funds
REVENUES		
Taxes	\$ 156,709	\$ 156,709
Intergovernmental	66,050	66,050
Charges for services	54,764	54,764
Fines and forfeitures	43,221	43,221
Licenses and permits	79,997	79,997
Rental income	13,245	13,245
Investment income	791	791
Miscellaneous	3,561	3,561
Total Revenues	<u>418,338</u>	<u>418,338</u>
EXPENDITURES		
Current:		
General government	140,600	140,600
Police	68,326	68,326
Streets and drainage	37,594	37,594
Sanitation	56,107	56,107
Culture and recreation	27,434	27,434
Capital outlays	59,952	59,952
Total Expenditures	<u>390,013</u>	<u>390,013</u>
Net Change in Fund Balances	28,325	28,325
Fund Balances - Beginning	100,368	100,368
Fund Balances - Ending	<u>\$ 128,693</u>	<u>\$ 128,693</u>

Reconciliation of the change in fund balances – total governmental funds to the change in net assets of governmental activities:

Net change in fund balances – total governmental funds	\$ 28,325
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital asset purchases capitalized	59,952
Depreciation expense	(36,899)
Compensated absences	0
Payment on capital lease obligations	0
Change in Net Assets of Governmental Activities	<u>\$ 51,378</u>

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2008

	Sewer Enterprise Fund
<hr/>	
ASSETS	
Current Assets:	
Cash	\$ 80,298
Accounts receivable	17,691
Total Current Assets	<hr/> 97,989 <hr/>
Noncurrent Assets:	
Restricted cash	63,863
Capital assets (net)	2,896,120
Total Noncurrent Assets	<hr/> 2,959,983 <hr/>
Total Assets	<hr/> 3,057,972 <hr/>
LIABILITIES	
Current Liabilities:	
Accounts payable	3,187
Due to general fund	8,174
Accrued interest payable	3,007
Current portion of long-term debt	15,052
Total Current Liabilities	<hr/> 29,420 <hr/>
Non-current Liabilities:	
Long-term debt	887,123
Total Non-current Liabilities	<hr/> 887,123 <hr/>
Total Liabilities	<hr/> 916,543 <hr/>
NET ASSETS	
Invested in capital assets, net of related debt	1,990,939
Restricted for debt service	63,863
Unrestricted	86,627
Total Net Assets	<hr/> \$ 2,141,429 <hr/>

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2008

	Sewer Enterprise Fund
Operating Revenues	
Charges for services -	
Sewer charges	\$ 113,514
Total changes for services	113,514
Total Operating Revenues	113,514
Operating Expenses	
Health and welfare	56,603
Depreciation	96,985
Interest on debt	44,063
Total Operating Expenses	197,651
Net Operating Loss	(84,137)
Nonoperating Revenues	
Interest on investments	1,167
Total Nonoperating Revenues	1,167
Net Loss	(82,970)
Net Assets - Beginning	2,224,399
Net Assets - Ending	\$ 2,141,429

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2008

	Sewer Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 114,084
Payments for operations	(49,969)
Net Cash Provided by Operating Activities	<u>64,115</u>
Cash Flows from Investing Activities	
Interest received	<u>1,167</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,167</u>
Cash Flows from Capital and Related Financing Activities	
Payments on debt obligations	(14,836)
Interest payments on debt obligations	(43,578)
Net Cash (Used) by Capital and Related Financing Activities	<u>(58,414)</u>
Net Increase in Cash and Cash Equivalents	6,868
Cash and Restricted Cash - Beginning of Year	<u>137,293</u>
Cash and Restricted Cash - End of Year	<u><u>\$ 144,161</u></u>
Reconciliation of Net Operating Income to Net Cash	
Provided by Operating Activities	
Net operating loss	\$ (84,137)
Adjustments to reconcile net operating loss to net cash	
provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	96,985
Interest on debt	44,063
Change in assets and liabilities:	
Receivables	570
Accounts payable	6,634
Net Cash Provided by Operating Activities	<u><u>\$ 64,115</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Village of Napoleonville, Louisiana (the "Village") was incorporated under the provisions of the Lawrason Act (LSA-RS 33:321). The Village operates under a Mayor-Board of Aldermen Council form of government. The Mayor and each of the three aldermen are elected at-large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. The Village is located in Assumption Parish approximately 50 miles southwest of Baton Rouge, Louisiana, on LA Highway 1. The estimated population is 800. The Village provides police protection, services to maintain and develop streets, drainage, and sanitation, general and administrative services, and utilities services for area residents. The Village provides sewer services to customers inside and outside of the Village limits. The Village employs 5 full-time employees in addition to the Mayor and Board of Aldermen.

As the municipal governing authority, for reporting purposes, the Village of Napoleonville is considered a separate financial reporting entity. The financial reporting entity consists of [a] the primary government (municipality), [b] organizations for which the primary government is financially accountable, and [c] other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. There are no other component units which the Village of Napoleonville has an oversight relationship.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF NAPOLEONVILLE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The Village reports the following major proprietary funds:

The Enterprise Fund accounts for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF NAPOLEONVILLE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Village's investment policy allow the Village to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool and mutual funds consisting solely of government-backed securities.

State statutes authorize the Town of Livonia, Louisiana to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage
General Corporate Purposes	6.86	6.86
Maintenance Purposes	6.86	6.86

Sales Taxes are levied at 1% percent. The proceeds of this sales and use tax are dedicated to general corporate purposes.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable debt covenants.

VILLAGE OF NAPOLEONVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

As a Phase III government (a government with annual revenues of less than \$10 million), the Village elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. As a Phase III government, the Village of Napoleonville is not required to retroactively report infrastructure in the Statement of Net Assets under the guidance of the Governmental Accounting Standards Board. The Village is however required to disclose in the notes to the financials statements any infrastructure items that were omitted from the financial statements. As of December 31, 2008, none of the roads, bridges or street lighting contained within the village corporate limits were included in the Statement of Net Assets.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend their lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line basis over the following useful lives:

Buildings and Improvements	20 - 40 Years
Infrastructure	25 Years
Vehicles and Equipment	5 - 15 Years
Sewer Utility System	20 - 40 Years

Compensated Absences

In the government-wide financial statements, the Village employee's leave is recorded as a long-term liability.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental fund when leave is taken.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

VILLAGE OF NAPOLEONVILLE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY

The Village uses the following budget practices:

1. The Village Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.

VILLAGE OF NAPOLEONVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

NOTE 3 - CASH and CASH EQUIVALENTS

At December 31, 2008, the Village has cash and cash equivalents (book balances) totaling \$242,264 as follows:

Interest-Bearing Demand Deposits	\$	87,429
LAMP		154,835
Total Cash at December 31, 2008	\$	<u>242,264</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2008, the Village has \$93,445 in interest-bearing demand deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

Investments held at December 31, 2008 consist of \$154,835 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2008 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

NOTE 4 - RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, fines, and grants. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

VILLAGE OF NAPOLEONVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2008:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 8,174	
Enterprise Fund		\$ 8,174
	<u>\$ 8,174</u>	<u>\$ 8,174</u>

NOTE 6 - CAPITAL ASSETS

As a Phase III government (a government with annual revenues of less than \$10 million), the Village elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the fiscal year ended December 31, 2007, these assets are required to be valued and reported within the governmental activities column of the government-wide financial statements. The Village has recorded \$310,000 of infrastructure assets in the government-wide financial statements.

Capital assets and depreciation activity as of and for the year ended December 31, 2008 for governmental activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 88,500			\$ 88,500
Total Capital Assets Not Being Depreciated	88,500	0	0	88,500
Capital Assets Being Depreciated:				
Buildings and improvements	535,555	46,516		582,071
Infrastructure	310,000			310,000
Vehicles	9,770		(2,740)	7,030
Equipment	39,298	13,436		52,734
Total Capital Assets Being Depreciated	894,623	59,952	(2,740)	951,835
Less Accumulated Depreciation for:				
Buildings and improvements	(388,482)	(14,539)		(403,021)
Infrastructure	(117,851)	(12,400)		(130,251)
Vehicles	(5,379)	(1,406)	2,740	(4,045)
Equipment	(22,428)	(8,554)		(30,982)
Total Accumulated Depreciation	(534,140)	(36,899)	2,740	(568,299)
Capital Assets Being Depreciated, Net	360,483	23,053	0	383,536
Governmental Activities Capital Assets, Net	<u>\$ 448,983</u>	<u>\$ 23,053</u>	<u>\$ 0</u>	<u>\$ 472,036</u>

VILLAGE OF NAPOLEONVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

Capital assets and depreciation activity as of and for the year ended December 31, 2008 for business-type activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Sewer Utility System	\$ 1,185,680			\$ 1,185,680
Improvements	2,660,348			2,660,348
Equipment	4,172			4,172
Total Capital Assets Being Depreciated	<u>3,850,200</u>	<u>0</u>	<u>0</u>	<u>3,850,200</u>
Less Accumulated Depreciation for:				
Sewer System	(681,766)	(29,642)		(711,408)
Improvements	(174,579)	(66,509)		(241,088)
Equipment	(750)	(834)		(1,584)
Total Accumulated Depreciation	<u>(857,095)</u>	<u>(96,985)</u>	<u>0</u>	<u>(954,080)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,993,105</u>	<u>\$ (96,985)</u>	<u>\$ 0</u>	<u>\$ 2,896,120</u>

NOTE 7 - PENSION PLANS

The Village of Napoleonville, Louisiana participated in a Municipal Employees Retirement Plan (MERS) and in the Municipal Police Employee Retirement Plan (MPERS). The plan covers employees who are employed by the Village for at least 6 months.

MERS-

All of the Village of Napoleonville's full-time non-police employees participate in the Municipal Employees Retirement System Plan "B" ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended December 31, 2008, was zero; the Village's total payroll was \$126,493. The system provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System. The System was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funding retirement system and under age sixty at date of employment.

Any member of Plan B can retire providing he meets one of the following criteria:

1. Age fifty-five with thirty years of creditable service.
2. Age sixty with a minimum of ten or more years of creditable service.
3. Under age sixty with ten years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two per cent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Covered employees are required by State statute to contribute 5.00% of their salary to the plan. The Village was required by the same statute to contribute 6.75% from January 1, 2008 to December 31, 2008. The contribution requirement for the year ended December 31, 2008, was zero. The actuarially determined contribution requirement for 2008 has not yet been provided by the retirement system.

VILLAGE OF NAPOLEONVILLE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in its annual financial reports. Copies of these reports may be obtained from the Municipal Employees Retirement System of Louisiana.

MPERS.

All of the Village of Napoleonville's full-time police employees participate in the Municipal Police Employees Retirement System ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended December 31, 2008, was zero; the Village's total payroll was \$126,493.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he does not have to pay social security and providing he meets the statutory criteria.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Any member is eligible for normal retirement after he has been a member of the System for one year, if he has 25 years of creditable service at any age, or has 20 years of creditable service and is age 50, or has 12 years creditable service and is age 55.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

A member is eligible to receive disability benefits if he was an active contributing member of the system, or if he is no longer a member but has 20 years creditable service established in the System, and suffers disability which has been certified by examination by a member of the State-wide Medical Disability Board. A service-related disability requires no certain number of years of creditable service; however, a non-service connected disability requires five years of creditable service.

The disability benefits are calculated at three percent of average final compensation multiplied by years of creditable service, but shall not be less than forty percent nor more than sixty of average final compensation. Upon reaching the age required for regular retirement, the disability pensioner receives the greater of disability benefit or accrued benefit earned to date of disability.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation.

A member is eligible upon receiving 25 years of credit regardless of age or 20 years of credit and attaining the age of 50, to elect to enter the deferred retirement option plan (DROP). Upon filing the application for the program, the employee's active membership in the system is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is specified for a period of three years or less. If employment is terminated after the three year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the system shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis.

Covered employees are required by State statute to contribute 7.50% of their salary to the plan. The Village was required by the same statute to contribute 15.50%. The contribution requirement for the year ended December 31, 2008, was zero. The actuarially determined contribution requirement for 2008 has not yet been provided by the retirement system.

VILLAGE OF NAPOLEONVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in its annual financial reports. Copies of these reports may be obtained from the Municipal Police Employees Retirement System of Louisiana.

NOTE 8 - SHORT-TERM DEBT

The Village had no short-term debt outstanding at December 31, 2008, other than current maturities of bonds and loans disclosed in Footnote 11 - Long Term Obligations.

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended December 31, 2008:

	Business Type Activities
	USDA Loans
Beginning Balance	\$ 917,011
Increases	
Decreases	(14,837)
Ending Balance	<u>\$ 902,174</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	Business Type Activities
	USDA Loans
Current Portion	\$ 15,052
Long-Term Portion	887,122
	<u>\$ 902,174</u>

The annual requirements to amortize all debt outstanding at December 31, 2008, are as follows:

	USDA - 1990		USDA - 2001		USDA - 2007		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest
2009	\$ 6,901	\$ 15,610	\$ 4,397	\$ 13,636	\$ 3,754	\$ 14,116	\$ 15,052	\$ 43,362
2010	7,327	15,184	4,598	13,434	3,917	13,953	15,842	42,571
2011	7,778	14,733	4,810	13,223	4,087	13,784	16,675	41,740
2012	8,258	14,253	5,031	13,002	4,264	13,606	17,553	40,861
2013	8,768	13,744	5,262	12,771	4,449	13,422	18,479	39,937
2014 - 2018	52,648	59,907	30,165	59,999	25,309	64,043	108,122	183,949
2019 - 2023	71,014	41,541	37,760	52,404	31,289	58,063	140,063	152,008
2024 - 2028	95,787	16,768	47,268	42,896	38,683	50,669	181,738	110,333
2029 - 2033	4,816	44	59,170	30,994	47,824	41,528	111,810	72,566
2034 - 2038			74,069	16,095	59,124	30,228	133,193	46,323
2039 - 2043			32,498	1,460	73,096	16,256	105,594	17,716
2043 - 2047					38,053	1,904	38,053	1,904
	<u>\$ 263,297</u>	<u>\$ 191,784</u>	<u>\$ 305,028</u>	<u>\$ 269,914</u>	<u>\$ 333,849</u>	<u>\$ 331,572</u>	<u>\$ 902,174</u>	<u>\$ 793,270</u>

VILLAGE OF NAPOLEONVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - RESTRICTED ASSETS and RESTRICTED NET ASSETS

Under the terms of the USDA loan agreements, the Village is to make monthly deposits into a Bond and Interest Sinking Fund, a Reserve Fund (5% of the annual debt payment) and Depreciation & Contingency Fund (\$156.00 per month). As of December 31, 2008, the status of these accounts are as follows:

	Cash on Deposit	Amount Required per USDA
Bond and interest sinking fund	\$ 4,918	\$ 0
Bond reserve fund	29,487	29,261
Bond depreciation and contingency fund	29,458	37,981
Total	<u>\$ 63,863</u>	<u>\$ 67,242</u>

NOTE 11 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Village purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Village's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

NOTE 12 - LITIGATION

According to legal counsel, there is no outstanding litigation as of December 31, 2008.

NOTE 13 - COMPENSATION to BOARD MEMBERS

Each member of the Board of Commissioners receives a per diem allowance for attending regular or special meetings of the Board. Each board member was paid the following amounts for meetings attended in 2008:

	Amount
Ron J. Animashaun, Mayor	\$ 9,600
Joyce Bell, Alderman	2,940
Eugene Buggage, Alderman	2,940
Floyd Truehill, Sr., Alderman	2,940
Total	<u>\$ 18,420</u>

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REQUIRED SUPPLEMENTARY INFORMATION

The following Budgetary Comparison Schedule - General Fund is required by GASB 34. The schedule presents the original adopted budget and final budget for the fiscal year and compares the final budget to actual operations of the Village.

State Law requires the Village to amend it's budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the year ended December 31, 2008, actual revenues were 112.00% and actual expenditures were 99.14% of the final adopted budget.

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**VILLAGE OF NAPOLEONVILLE, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 43,000	\$ 43,000	\$ 41,543	\$ (1,457)
Sales taxes	90,000	90,000	100,037	10,037
Franchise taxes	0	0	15,129	15,129
Fines and forfeitures	15,000	37,000	43,221	6,221
Licenses and permits	99,000	99,000	79,997	(19,003)
Charges for services	25,000	50,000	54,764	4,764
State grants	0	25,000	50,000	25,000
Intergovernmental	10,100	10,100	16,050	5,950
Rental income	14,400	14,400	13,245	(1,155)
Miscellaneous	5,000	5,000	4,352	(648)
Total Revenues	301,500	373,500	418,338	44,838
EXPENDITURES				
Current:				
General government	109,236	153,226	140,600	12,626
Police	31,850	61,350	68,326	(6,976)
Streets and drainage	27,800	38,500	37,594	906
Sanitation	45,200	54,200	56,107	(1,907)
Culture and recreation	11,250	25,350	27,434	(2,084)
Capital Outlay:				
General government	5,000	27,000	25,431	1,569
Public safety	0	4,750	3,045	1,705
Streets and drainage	0	0	2,800	(2,800)
Culture and recreation	0	29,000	28,676	324
Total Expenditures	230,336	393,376	390,013	3,363
Net Change in Fund Balances	71,164	(19,876)	28,325	48,201
Fund Balances - Beginning	0	100,368	100,368	0
Fund Balances - Ending	\$ 71,164	\$ 80,492	\$ 128,693	\$ 48,201

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OTHER REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

A report on compliance laws and regulations and on internal controls over financial reporting as required by Government Auditing Standards, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT
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OFFICERS ASSOCIATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Ron Animashaun
and Members of the Village Council
Village of Napoleonville, Louisiana

I have audited the financial statements of the VILLAGE OF NAPOLEONVILLE, LOUISIANA (the "Village"), as of and for the year ended December 31, 2008, and have issued my report thereon dated June 30, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Village and its management and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

George F. Delaune, CPA

June 30, 2009

**VILLAGE OF NAPOLEONVILLE, LOUISIANA
SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2008**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Village of Napoleonville, Louisiana.
2. No deficiencies were noted during the audit of the basic financial statements.
3. No instances of noncompliance were disclosed during the audit of the basic financial statements.
4. The Auditee was determined to be a low-risk auditee.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None

**VILLAGE OF NAPOLEONVILLE, LOUISIANA
RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2008**

2007-1	Infrastructure Assets
2007-2	USDA Funding Requirements

Management has corrected the findings reported in the prior year.

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Supplemental Information Required by USDA

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Sewer Customers and Rates

At December 31, 2008, the Village billed the following number of customers:

<u>Rate Code/Description</u>	<u>Customers</u>	<u>Rate</u>
Type 1		\$22.00 per month flat rate
Type 2		\$25.00 per month flat rate
Aysenne Rental Partnership	1	\$500.00 per month flat rate
Assumption Properties II	1	\$250.00 per month flat rate

Aged Accounts Receivable

At December 31, 2008, the Village's accounts receivable was as follows:

<u>Balances</u>	<u>Customers</u>	<u>Aging</u>
\$ 8,048	371	Current
1,444	58	31 - 60 Days
605	28	61 - 90 Days
136	4	Over 91 Days
\$ 10,233		

Insurance in Force

<u>Issuer/Insurer</u>	<u>Type of Insurance</u>	<u>Limit Description</u>	<u>Coverage</u>	<u>Effective Dates</u>
Wright & Percy Insurance Agency / The Hartford Steam Boiler Inspection & Insurance	Boiler & Machinery	Contents	\$ 200,000	10/1/08 to 10/1/09

Mayor and Board of Aldermen

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